

Message Text

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ACTION EUR-12

INFO OCT-01 IO-11 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04

TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 NSC-05 SS-15 L-03

H-02 PA-01 PRS-01 DOTE-00 JUSE-00 EURE-00 /088 W

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P R 271806Z JAN 76

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 8470

INFO USMISSION EC BRUSSELS

USDEL MTN GENEVA

USMISSION OECD PARIS

C O N F I D E N T I A L SECTION 01 OF 02 LONDON 01341

E.O. 11652: GDS

TAGS: ETRD, UK, US, EC

SUBJECT: UK CHARGES DUMPING OF ACRYLIC SHEETS BY US FIRMS

1. SUMMARY. IMPERIAL CHEMICAL COMPANY (ICI) OF UK HAS REQUESTED ANTI-DUMPING DUTIES BE IMPOSED ON IMPORTS OF ACRYLIC SHEET FROM US. DEPARTMENT OF TRADE HAS ACCEPTED COMPLAINT ON THE BASIS OF PRIMA FACIE EVIDENCE OF IMPORTS BELOW FAIR MARKET PRICE AND MATERIAL INJURY TO UK INDUSTRY. EMASSY HAS BEEN GIVEN ADVANCE NOTIFICATION AND NO PUBLIC ANNOUNCEMENT IS PLANNED UNTIL FEBRUARY 6. THERE MAY BE POSSIBILITY OF PRIVATE SETTLEMENT BETWEEN THE COMPANIES INVOLVED. APPROPRIATE WASHINGTON AGENCY MAY WISH CONTACT US COMPANY ALLEGED TO HAVE DUMPED AND DETERMINE BY FEBRUARY 2 THEIR WILLINGNESS TO HAVE COMPANY TO COMPANY TALKS AIMED AT INFORMAL SETTLEMENT. IF US COMPANY AGREEABLE TO EXPLORATORY TALKS, WHICH WOULD BE WITHMUT PREJUDICE TO THEIR CASE, PUBLIC ANNOUNCEMENT UILL BE WITHHELD FOR A REASONABLE PERIOD. NO DUMPING HAS YET BEEN ALLEGED BY ICI AFFILIATES IN OTHER EC COUNTRIES, SO COMMISSION IS ACTING ONLY IN

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SUPPORTING ROLE THUS FAR. END SUMMARY.

2. EMBASSY OFFICER WAS CALLED TO DEPARTMENT OF TRADE JANUARY 27 TO BE GIVEN ADVANCE NOTIFICATION THAT AN APPLICATION HAD BEEN RECEIVED FROM ICI FOR IMPOSITION OF ANTI-DUMPING DUTIES ON IMPORTS OF ACRYLIC SHEETS FROM THE US. ICI'S COMPLAINT ALLEGES THAT.

(A) "ACRYLIC SHEET IS BEING EXPORTED TO THE UNITED KINGDOM AT PRICES BELOW THE FAIR MARKET PRICE APPROPRIATE TO THE UNITED STATES OF AMERICA;"

(B) "THIS PRACTICE CONSTITUTES DUMPING AS DEFINED IN SECTION 1 OF THE CUSTOMS DUTIES (DUMPING AND SUBSIDIES) ACT 1969;"

(C) "AS A RESULT MATERIAL INJURY HAS BEEN CAUSED AND FURTHER INJURY THREATENED TO THE UNITED KINGDOM INDUSTRY."

3. DOT HAS ESTABLISHED TO ITS SATISFACTION THAT PRIMA FACIE EVIDENCE INDICATES ACRYLIC SHEET ORIGINATING IN THE US IS BEING IMPORTED INTO THE UK AT PRICES RANGING FROM .80 POUNDS (DOLLARS 1.64) TO 3.86 POUNDS (DOLLARS 7.91) PER SQUARE METER BELOW FAIR MARKET PRICE.

4. ICI HAS PROVIDED DOT WITH DATA SHOWING THAT THE INCREASED US SHARE OF THE UK MARKET, ACCOMPLISHED BY THE ALLEGED DUMPING, HAS CAUSED MATERIAL INJURY TO DOMESTIC INDUSTRY. IT IS CLAIMED THAT MATERIAL INJURY HAS OCCURRED SPECIFICALLY THROUGH "LOSS OF SALES AND CONSEQUENT LOSS OF PROFITS AND BY FURTHER LOSS OF PROFITABILITY DUE TO AN INABILITY TO MAKE TO THEIR FULL EXTENT JUSTIFIED PRICE RISES." ADDITIONALLY, IT IS CLAIMED THAT "A CONTINUATION OF THE ALLEGEDLY DUMPED IMPORTS WILL RESULT IN FURTHER MATERIAL LOSSES IN THE FUTURE." THE DETAILS SHOWING MATERIAL INJURY ARE CONFIDENTIAL BETWEEN ICI AND DOT, BUT DOT IS SATISFIED THAT A PRIMA FACIE CASE HAS BEEN MADE.

5. ICI CLAIMS DUMPING BEGAN IN 1973 AND CONTINUES TO THE PRESENT TIME AND THAT THE US COMPANY HAS BUILT UP ITS MARKET SHARE FROM VIRTUALLY NOTHING IN 1972 TO 10
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PER CENT IN 1975 BY EXPORTING TO UK AT DUMPED PRICES.

6. THE US EXPORTER WHO IS ALLEGED TO BE DUMPING IS THE NOVAMONT CORPORATION OF NEW YORK THROUGH ITS SWEDCAST ACRYLIC SHEET DIVISION (7350 EMPIRE DRIVE, FLORENCE, KENTUCKY). ACCORDING TO DOT, SWEDCAST WAS OPERATED AS PART OF SWEDLMW INC. OF KENTUCKY UNTIL OCTOBER 1975 WHEN NOVAMONT PURCHASED IT AND MADE IT THE SWEDCAST

ACRYLIC SHEET DIVISION OF NOVAMONT. THE REMAINDER OF THE ORIGINAL SWEDLOW INC. IS SWEDLOW INTERNATIONAL (12122 WESTERL AVE., GARDEN GROVE, CALIFORNIA) WHICH CONTINUES TO PRODUCE ACRYLIC SHEET BUT DOES NOT EXPORT TO UK.

7. THE ONLY OTHER KNOWN US EXPORTER OF ACRYLIC SHEET

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 8471

INFO USMISSION EC BRUSSELS

USDEL MTN GENEVA

USMISSION OECD PARIS

C O N F I D E N T I A L SECTION 02 OF 02 LONDON 01341

TO UK ISROHM AND HAAS OF PHILADELPHIA. DOT'S INITIAL DETERMINATION IS THAT THIS COMPANY'S IMPORTS ARE NOT RPT NOT BEING SOLD AT DUMPED PRICES.

8. THE BASIC UKG PROCEDURE FOR HANDLING DUMPING COMPLAINTS ADHERES VERY CLOSELY TO THE GATT ANTI-DUMPING CODE. THERE ARE NO TIME LIMITS ON THE VARIOUS STEPS FOLLOWED BY THE UK, AS THERE ARE WITH THE USG UNDER THE TRADE ACT OF 1974.

9. DOT WILL BE SEEKING USG APPROVAL TO SEND AN INVESTIGATOR TO COLLECT INFORMATION AVAILABLE FROM

NOVAMONT AND/MR SWEDCAST ON WHICH TO MAKE DUMPING DETERMINATION. DOT WILL ALSO WISH TO TALK TO SWEDLOW INTERNATIONAL IN CALIFORNIA TO CONFIRM THAT NO ACRYLIC SHEET IS BEING EXPORTED TO UK AND TO ROHM AND HAAS IN PHILADELPHIA TM CONFIRM FAIR MARKET PRICE FOR PRESENT EXPORTS TO UK.

10. DOT HAS SUGGESTED A POSSIBLE WAY TO AVOID A FORMAL, PUBLIC PROCEEDING ON THIS CASE IF NOVAMONT.
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SWEDCAST WISH TO HAVE THE PARTIES REACH AN "OUT OF COURT SETTLEMENT." ICI HAS ASKED THE UKG TO SEE IF A MEETING CAN BE ARRANGED BETWEEN ICI AND NOVAMONT/SWEDCAST TO EXPLORE THE POSSIBILITY OF AN INFORMAL AGREEMENT. UNDER UK REGULATIONS, SUCH A MEETING COULD BE ARRANGED WITH OR WITHOUT A UKG REPRESENTATIVE TO BE A NEUTRAL CHAIRMAN. BUT A SPECIFIC REQUEST WOULD ALSO HAVE TO COME FROM NOVAMONT/SWEDCAST. USG REPRESENTATIVES COULD ALSO BE PRESENT. MEETING WOULD LIKELY BE IN LONDON. WE INFORMED DOT THAT THERE COULD BE US ANTI-TRUST IMPLICATIONS RELATING TO SUCH A COMPANY TO COMPANY MEETING.

11. DOT HAS ASKED US IF USG WISHES TO CONTACT NOVAMONT/SWEDCAST ABOUT SUCH A MEETING. THEY ARE NOT PURSUING THIS QUESTION THROUGH ANY OTHER CHANNEL AT THIS POINT. IF THERE SHOULD BE A WILLINGNESS ON THE PART OF NOVAMONT/SWEDCAST TO MEET WITH ICI, DOT HAS AUTHORITY TO WITHHOLD PUBLIC ANNOUNCEMENT OF INVESTIGATION FOR A "REASONABLE" TIME TO CONSIDER THE POSSIBILITY OF REACHING AN INFORMAL SETTLEMENT. ANY REQUEST TO DELAY PUBLIC ANNOUNCEMENT WOULD HAVE TO COME FROM USG RATHER THAN THE COMPANY. DOT'S PUBLIC NOTICE GOES TO PRESS MORNING OF FEBRUARY 3. AFTER WHICH RECALL IS NOT FEASIBLE.

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Message Attributes

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Draft Date: 27 JAN 1976
Decaption Date: 01 JAN 1960
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Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Margaret P. Grafeld
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04 MAY 2006

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Review Withdrawn Fields: n/a
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Type: TE
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